



State of Idaho

Legislative Services Office

Individual Entity Audit Report

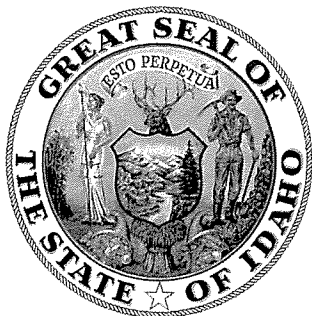
A communication to the Joint Finance-Appropriations Committee

SOUTHEASTERN DISTRICT HEALTH DEPARTMENT (VI)

FY 2006-2007

**Report OP95607
Date Issued: January 13, 2009**

Serving Idaho's Citizen Legislature



Don H. Berg, Manager

Idaho Legislative Services Office
Legislative Audits Division

**SOUTHEASTERN DISTRICT HEALTH
DEPARTMENT (VI)**

SUMMARY

PURPOSE OF AUDIT REPORT

We have audited the financial statements of the Southeastern District Health Department (VI) for the fiscal years ended June 30, 2006 and 2007, in accordance with auditing standards generally accepted in the United States of America. The purpose of our audit is to determine whether the District's financial statements are materially accurate and reliable, and that it complied with laws and regulations affecting fiscal operations.

CONCLUSION

We conclude that District's financial statements are materially accurate and reliable, and fiscal operations materially comply with related laws and regulations. As a result, we issued an unqualified opinion on the District's financial statements.

FINDINGS AND RECOMMENDATIONS

There are no findings and recommendations in this report or the prior report.

AGENCY RESPONSE

The Department has reviewed the report and is in general agreement with its contents.

OTHER INFORMATION

We discussed other issues which, if changed, would improve internal control, compliance, and efficiency.

This report is intended solely for the information and use of the State of Idaho, the Southeastern District Health Department and the District's Board, and is not intended to be used by anyone other than these specified parties.

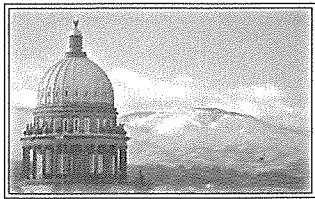
We appreciate the cooperation and assistance given to us by the director, Edward Marugg, and his staff.

ASSIGNED STAFF

Chris Farnsworth, CPA, Managing Auditor
Craig Weathers, CPA, CIA, In Charge Auditor
Darren Uranga, CPA, Staff Auditor
Eric Bjork, Staff Auditor
Brinton Croff, Staff Auditor

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Legislative Services Office Idaho State Legislature

Serving Idaho's Citizen Legislature

Jeff Youtz
Director

December 18, 2008

Unqualified Opinion on
Basic Financial Statements

Independent Auditor's Report

Edward Marugg, Director
Southeastern District Health Department (VI)
1901 Alvin Richen Drive
Pocatello, ID 83201

Carolyn Meline, Chair
District VI Board of Health
655 South 10th
Pocatello, ID 83201

Dear Mr. Marugg and Ms. Meline:

We have audited the accompanying basic financial statements of the governmental activities, major fund, and the remaining fund information of the Southeastern District Health Department (IV), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, major fund, and the remaining fund information of the District as of June 30, 2006 and 2007, and the respective changes in financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2008, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of

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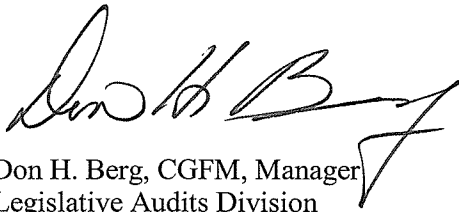
an audit performed in accordance with *Government Auditing Standards* and should be considered when assessing the results of our audit.

The District has not presented the Management Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The budgetary comparison information on pages 14 and 15 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for the purpose of additional analysis as required by *OMB Circular A-133*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Sincerely,

A handwritten signature in black ink, appearing to read "Don H. Berg", with a stylized flourish at the end.

Don H. Berg, CGFM, Manager
Legislative Audits Division

STATE OF IDAHO
SOUTHEASTERN DISTRICT HEALTH DEPARTMENT (VI)
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2006 AND 2007

| | June 30, 2006 Governmental Activities | June 30, 2007 Governmental Activities |
|---|---|---|
| ASSETS | | |
| Cash | \$216,867 | \$125,349 |
| Investments | 3,837,676 | 3,830,942 |
| Interagency Receivables | 303,881 | 334,270 |
| Accounts Receivable | 290,207 | 237,276 |
| Prepaid Expense | 20,545 | 5,141 |
| Capital Assets: | | |
| Non-depreciable | 40,736 | 40,736 |
| Depreciable, Net of Accumulated Depreciation | 3,428,236 | 3,326,500 |
| Total Assets | <u>\$8,138,148</u> | <u>\$7,900,214</u> |
| LIABILITIES | | |
| Accounts Payable | \$113,769 | \$64,488 |
| Payroll and Benefits Payable | 191,146 | 194,576 |
| Compensated Absences | 283,488 | 284,919 |
| Total Liabilities | <u>\$588,403</u> | <u>\$543,983</u> |
| NET ASSETS | | |
| Invested in Capital Assets, Net of Related Debt | \$3,468,972 | \$3,367,236 |
| Unrestricted | 4,080,773 | 3,988,995 |
| Total Net Assets | <u><u>\$7,549,745</u></u> | <u><u>\$7,356,231</u></u> |

The accompanying notes are an integral part of these financial statements.

STATE OF IDAHO
SOUTHEASTERN DISTRICT HEALTH DEPARTMENT (VI)
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2006 AND 2007

| <u>FISCAL YEAR 2006</u> | | <u>PROGRAM REVENUE</u> | | |
|------------------------------------|--------------------|---------------------------------|---|---|
| <u>PROGRAMS</u> | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Net (Expenses) Revenue and Changes in Net Assets</u> |
| Governmental Activities: | | | | |
| Administration and Board of Health | \$1,436,998 | \$14,610 | \$0 | (\$1,422,388) |
| Family and Community Health | 2,775,218 | 536,706 | 1,608,086 | (630,426) |
| Environmental Health | 718,131 | 210,609 | 231,444 | (276,078) |
| Health Promotion | 1,389,888 | 18,855 | 1,327,766 | (43,267) |
| Home Health and Hospice | 1,799,827 | 1,818,077 | 0 | 18,250 |
| Total Governmental Activities | <u>\$8,120,062</u> | <u>\$2,598,857</u> | <u>\$3,167,296</u> | <u>(\$2,353,909)</u> |
| General Revenues: | | | | |
| State General Support | | | | \$1,314,100 |
| Interest Income | | | | 148,762 |
| County Contributions | | | | 922,262 |
| Total General Revenues | | | | <u>\$2,385,124</u> |
| Change in Net Assets | | | | \$31,215 |
| Beginning Net Assets | | | | <u>7,518,529</u> |
| Ending Net Assets | | | | <u>\$7,549,744</u> |

| <u>FISCAL YEAR 2007</u> | | <u>PROGRAM REVENUE</u> | | |
|------------------------------------|--------------------|---------------------------------|---|---|
| <u>PROGRAMS</u> | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Net (Expenses) Revenue and Changes in Net Assets</u> |
| Governmental Activities: | | | | |
| Administration and Board of Health | \$1,569,770 | \$12,596 | \$0 | (\$1,557,174) |
| Family and Community Health | 2,785,715 | 547,398 | 1,545,732 | (692,585) |
| Environmental Health | 717,026 | 275,508 | 196,245 | (245,273) |
| Health Promotion | 1,480,316 | 33,055 | 1,440,160 | (7,101) |
| Home Health and Hospice | 1,519,771 | 1,402,566 | 0 | (117,205) |
| Total Governmental Activities | <u>\$8,072,598</u> | <u>\$2,271,123</u> | <u>\$3,182,137</u> | <u>(\$2,619,338)</u> |
| General Revenues: | | | | |
| State General Support | | | | \$1,275,200 |
| Interest Income | | | | 205,267 |
| County Contributions | | | | 945,357 |
| Total General Revenues | | | | <u>\$2,425,824</u> |
| Change in Net Assets | | | | (\$193,514) |
| Beginning Net Assets | | | | <u>7,549,745</u> |
| Ending Net Assets | | | | <u>\$7,356,231</u> |

The accompanying notes are an integral part of these financial statements.

STATE OF IDAHO
SOUTHEASTERN DISTRICT HEALTH DEPARTMENT (VI)
BALANCE SHEET
GOVERNMENTAL FUND
AS OF JUNE 30, 2006 AND 2007

| | June 30, 2006 Special Revenue Fund | June 30, 2007 Special Revenue Fund |
|-------------------------------------|---|---|
| <u>ASSETS</u> | | |
| Cash | \$216,867 | \$123,349 |
| Investments | 3,837,676 | 3,830,942 |
| Interagency Receivables | 303,881 | 334,270 |
| Accounts Receivable | 290,207 | 237,276 |
| Prepaid Expense | 20,545 | 5,141 |
| Total Assets | <u>\$4,669,176</u> | <u>\$4,532,978</u> |
| <u>LIABILITIES AND FUND BALANCE</u> | | |
| Liabilities | | |
| Accounts Payable | \$113,769 | \$64,488 |
| Payroll and Benefits Payable | 191,146 | 194,576 |
| Deferred Revenue | 155,769 | 125,860 |
| Total Liabilities | <u>\$460,684</u> | <u>\$384,924</u> |
| Fund Balances | | |
| Reserved for: | | |
| Prepaid Items | \$20,545 | \$5,141 |
| Unreserved Special Revenue Fund | <u>4,187,947</u> | <u>4,142,913</u> |
| Total Fund Balance | <u>\$4,208,492</u> | <u>\$4,148,054</u> |
| Total Liabilities and Fund Balance | <u>\$4,669,176</u> | <u>\$4,532,978</u> |

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET ASSETS

| | | |
|---|--------------------|--------------------|
| Total Fund Balances For Governmental Funds | \$4,208,492 | \$4,148,054 |
| Amounts reported for governmental activities in the Statement of Net Assets are different because: | | |
| Capital assets used in governmental activities are not financial resources and are, therefore, not reported in the funds. | 3,468,972 | 3,367,236 |
| Long-term liabilities are not due and payable in the current period and are, therefore, not reported in the funds. This consists of compensated absences. | (283,488) | (284,919) |
| Deferred revenue that is earned but will probably not be received in the near-term is not used in governmental activities and is, therefore, not included in the funds. | <u>155,769</u> | <u>125,860</u> |
| Net Assets of Governmental Activities | <u>\$7,549,745</u> | <u>\$7,356,231</u> |

The accompanying notes are an integral part of these financial statements.

STATE OF IDAHO
SOUTHEASTERN DISTRICT HEALTH DEPARTMENT (VI)
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2006 AND 2007

| | Year Ended June 30, 2006 | | | Year Ended June 30, 2007 | | |
|--|---------------------------------|----------------------------|--------------------------------|---------------------------------|----------------------------|--------------------------------|
| | Special Revenue Fund 0290 | Millennium Fund 0499 | Total Governmental Funds | Special Revenue Fund 0290 | Millennium Fund 0499 | Total Governmental Funds |
| REVENUES | | | | | | |
| Health and Professional Services | \$2,599,737 | \$0 | \$2,599,737 | \$2,373,991 | \$0 | \$2,373,991 |
| Interest | 148,761 | 0 | 148,761 | 205,267 | 0 | 205,267 |
| Federal Grants | 2,876,049 | 0 | 2,876,049 | 2,884,496 | 0 | 2,884,496 |
| State Grants | 163,497 | 39,700 | 203,197 | 159,081 | 65,600 | 224,681 |
| City/County Grants | 922,262 | 0 | 922,262 | 945,357 | 0 | 945,357 |
| General Fund Support | 1,314,100 | 0 | 1,353,800 | 1,275,200 | 0 | 1,340,800 |
| Total Revenues | \$8,024,406 | \$39,700 | \$8,064,106 | \$7,843,392 | \$65,600 | \$7,908,992 |
| EXPENDITURES | | | | | | |
| Current | | | | | | |
| Administration and Board of Health | \$1,293,130 | \$0 | \$1,293,130 | \$1,439,703 | \$0 | \$1,439,703 |
| Family and Community Health | 2,770,443 | 0 | 2,770,443 | 2,785,130 | 0 | 2,785,130 |
| Environmental Health | 716,816 | 0 | 716,816 | 716,864 | 0 | 716,864 |
| Health Promotion | 1,342,611 | 39,700 | 1,382,311 | 1,408,693 | 65,600 | 1,474,293 |
| Home Health and Hospice | 1,797,333 | 0 | 1,797,333 | 1,519,504 | 0 | 1,519,504 |
| Capital Outlay | 75,612 | 0 | 75,612 | 33,936 | 0 | 33,936 |
| Total Expenditures | \$7,995,945 | \$39,700 | \$8,035,645 | \$7,903,830 | \$65,600 | \$7,969,430 |
| Excess (Deficiency) of Revenues | | | | | | |
| Over Expenditures - Net Change in Fund Balance | \$28,461 | \$0 | \$28,461 | (\$60,438) | \$0 | (\$60,438) |
| Beginning Fund Balance | 4,180,031 | 0 | 4,180,031 | 4,208,492 | 0 | 4,208,492 |
| Ending Fund Balance | \$4,208,492 | \$0 | \$4,208,492 | \$4,148,054 | \$0 | \$4,148,054 |

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

| | FY 2006 | FY 2007 |
|---|-----------|-------------|
| Net Change in Fund Balances for Total Governmental Funds | \$28,461 | (\$60,438) |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Capital outlays are reported as expenditures in governmental funds. However, in the Statement of Activities, these costs are allocated as depreciation expense. | | |
| Depreciation expense exceeded capital outlays in the FY 06 and FY 07 by the following amounts: | | |
| Capital Outlay | 75,612 | 33,936 |
| Depreciation Expense | (147,885) | (135,672) |
| Miscellaneous transactions involving capital assets such as sales (gain/loss) are reported in the Statement of Activities, but only proceeds from sales are reported in the governmental funds. | (1,865) | 0 |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. | 88,764 | (29,909) |
| Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the Statement of Activities, however, that are presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. This requires an adjustment for compensated absences. | | |
| | (11,872) | (1,431) |
| Change in Net Assets of Governmental Activities | \$31,215 | (\$193,514) |

The accompanying notes are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

The District is not a State agency. In determining how to define the District for financial reporting purposes, management has considered all potential component units in accordance with *GASB Statement 14*, as amended by *GASB Statement 39*. The legislature created seven health districts throughout the State in 1970. In 1976, the legislature expressed specific intent that the districts were not to be considered State agencies, but were to be recognized as authorized governmental entities. Although the districts are not State agencies, all districts have opted to process their financial transactions through the State accounting system.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (e.g., the Statement of Net Assets and the Statement of Activities) report information on all activities of the District. These activities are financed through General Fund appropriations, county contributions, federal grants, and program revenues.

The Statement of Net Assets presents the District's assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

1. *Invested in Capital Assets, Net of Related Debt* are capital assets, net of accumulated depreciation and reduced by related outstanding debt.
2. *Restricted Net Assets* result when constraints placed on a net asset use are externally imposed by contributors, by law, or by enabling legislation.
3. *Unrestricted Net Assets* consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include fees and charges paid by recipients of goods or services offered by the program. Appropriations, contributions, interest income, and other items not meeting the definition of program revenues are reported as general revenue.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities are presented on the statement of net assets. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under governmental fund accounting, only current assets and current liabilities are generally included on the balance sheet. Revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the year end. Sales of services, interest, and federal grant expenditures are considered to be susceptible to accrual. Expenditures are recorded when a liability is incurred, except for compensated absences, which are recognized as expenditures

to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds.

The District has one major governmental fund. The General Fund accounts for all financial resources of the District, except those required to be accounted for in the Millennium Fund.

ASSETS, LIABILITIES, AND NET ASSETS

Cash

The District's cash is considered to be cash on hand and on deposit with the State Treasurer's Office.

Investments

Investments are reported at fair value. Additional disclosure is included in Note 2.

Accounts Receivable

Accounts receivable consist of county contributions, federal grants, and client fees.

Prepaid Items

The District uses the consumption method of accounting for prepaid expenses.

Interagency Receivables

Interagency receivables are funds due from State agencies for contract services. The transfers are usually completed monthly.

Capital Assets

Purchased capital assets are reported at cost. Assets donated or acquired at bargain purchase prices are reported at market value on the date of donation. Only capital assets with a value of \$5,000 or greater are capitalized. Depreciation is recorded using the straight-line method over the asset's estimated useful life as follows:

| | |
|-----------------------|-------------|
| Equipment | 3-30 years |
| Building/Improvements | 10-50 years |
| Vehicles | 5 years |

Maintenance, repairs, and minor renewals are charged as operating expenses when incurred. When an asset is disposed of, accumulated depreciation is deducted from the original cost, and any gain or loss arising from its disposal is credited or charged to operations.

Additional disclosures related to capital assets are provided in Note 5.

REVENUES AND EXPENDITURES/EXPENSES

In the government-wide statement of activities, revenues and expenses are segregated by activity and then by function. Additionally, revenues are classified as program or general revenues. Program revenues include charges to clients or applicants for services provided and certain grants and contributions. General revenues include Idaho State appropriations, County contributions, and interest.

In the governmental fund financial statements, revenues are reported by source and expenditures are reported by function. The Special Revenue Fund is used to account for all of the District's activities, except tobacco cessation, which is accounted for in the Millennium Fund.

DEFERRED REVENUE

Deferred revenue is recognized when revenue is received prior to being earned. In the governmental fund statements, deferred revenue is also recognized when revenue is earned but not available.

NOTE 2. INVESTMENTS

The District participates in the State Treasurer's internal and external investment pools. The Idle Fund is an internal investment pool managed by the State Treasurer's Office on behalf of participants. Money not needed to meet immediate operating obligations is invested in accordance with Idaho code. Participation in the pool is involuntary.

The District participates in the Local Government Investment Pool (LGIP) and the Diversified Bond Fund (DBF). Both are external investment pools sponsored by the State Treasurer's Office. A copy of the State's *Comprehensive Annual Financial Report (CAFR)*, including the investment pools' financial statements, is available from the Office of the State Controller, Bureau of Reporting and Review.

Idaho Code, Sections 67-1210 and 67-1210A restrict the State Treasurer to certain types of investments.

Credit Ratings

In fiscal year 2006, the LGIP and DBF were unrated. In fiscal year 2007 they were rated AAAs by Standard and Poor's rating services.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the District's investments. The District does not have a formal policy to address interest rate risk.

The following schedule represents the District's investments in the external investment pools and a distribution of their maturities at June 30, 2006 and 2007:

| <u>June 30, 2006</u> | <u>Fair Value</u> | <u>Maturity</u> |
|-----------------------|--------------------|------------------|
| LGIP | \$2,854,271 | less than 1 year |
| Diversified Bond Fund | <u>983,405</u> | 4.7 year average |
| Total | <u>\$3,837,676</u> | |
| | | |
| <u>June 30, 2007</u> | <u>Fair Value</u> | <u>Maturity</u> |
| LGIP | \$2,800,658 | less than 1 year |
| Diversified Bond Fund | <u>1,030,284</u> | 4.4 year average |
| Total | <u>\$3,830,942</u> | |

NOTE 3. COMPENSATED ABSENCES

The District is not part of the State, but has decided to follow State rules on compensated absences. The District employee benefits include vacation and sick leave allowances. Overtime may be earned under provisions of the Fair Labor Standards Act and State law. Overtime is commonly referred to as "compensatory time" or "comp time" since employees may take time off for the accrued overtime. For the purposes of earning and accruing overtime there are three general classes of employees:

1. Those who earn overtime at 1.5 times regular pay rates and may be paid for the overtime or take time off.
2. Those who earn overtime at the same rate as regular pay rates and may only take time off.
3. Those who are ineligible for overtime.

Upon termination, the following accrued leave balances are paid:

1. Vacation leave
2. Overtime for those eligible for payment

As of June 30, 2006 and 2007, the following compensated absences have been accrued by employees of the District. These amounts are reported on the government-wide financial statements. A liability for the amount is reported in the governmental funds only if they have matured, for example, as a result of employee resignation or retirement. Compensated absences are paid from the District's main operating fund.

| FY 2006 | |
|--|------------------|
| <u>Changes to Compensated Absences</u> | |
| Beginning Balance July 1, 2005 | \$271,616 |
| Increases | 342,187 |
| Decreases | <u>(330,315)</u> |
| Ending Balance June 30, 2006 | <u>\$283,488</u> |

The District estimates the amount due within one year is \$283,488.

| FY 2007 | |
|--|------------------|
| <u>Changes to Compensated Absences</u> | |
| Beginning Balance July 1, 2006 | \$283,488 |
| Increases | 233,638 |
| Decreases | <u>(232,207)</u> |
| Ending Balance June 30, 2007 | <u>\$284,919</u> |

The District estimates the amount due within one year is \$284,919.

NOTE 4. PENSION PLANS

The Public Employee Retirement System of Idaho (PERSI) was created by the Idaho State Legislature and administers the PERSI Base Plan and the PERSI Choice Plan. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible State and school district employees, the legislation provided for political subdivisions to participate by contractual agreement with PERSI. PERSI's annual financial reports are available from PERSI.

The Base Plan is a cost-sharing, multiple-employer defined benefit retirement plan requiring that both the member and the employer contribute. The plan provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability or death and to survivors of eligible members or beneficiaries.

After five years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited service, the annual service retirement allowance is 2.0% of the average monthly salary for the highest consecutive 42 months.

The contribution requirements of the District and its employees are established and may be amended by the PERSI Retirement Board. For the period from July 1, 2005 to June 30, 2007, the required contribution rate as a percent of covered payroll was 6.23% for general members. The employer rate as a percentage of covered payroll was 10.39% for general members. The District contributions required and paid were \$396,560, \$425,001, and \$416,125 for the three years ended June 30, 2005, 2006, and 2007, respectively.

The PERSI Choice Plan is a defined contribution retirement plan. The defined contribution plan includes the 401(k) and the 414(k). Statutes governing the PERSI Choice Plan are found in Idaho Code, Title 59, Chapter 13. The 414(k) plan was established for gain-sharing allocations from the PERSI Base Plan. The gain-sharing amount (if any) is based on funding levels in the PERSI Base Plan.

The 401(k) plan is open to all active PERSI Base Plan members. Eligibility for the 414(k) gain sharing requires twelve months of active PERSI membership as defined in Idaho statutes and PERSI rules. The assets of the 401(k) and the 414(k) are commingled for investment and record keeping purposes. The other significant accounting policies are the same as the PERSI Base Plan.

Participants in the 401(k) plan can make tax deferred contributions up to 100 percent of their gross salary less deductions and subject to the IRS annual contribution limit. Participants direct their own investment mix without restriction and may elect to change their deferral every pay period. For the audit period no voluntary employer matching contributions have been made.

NOTE 5. CAPITAL ASSETS

Capital asset activity for the years ended June 30, 2006 and 2007 is as follows:

| | Balances at July 1, 2005 | Increases | Decreases | Balances at June 30, 2006 |
|---|-----------------------------|-------------|------------|------------------------------|
| Governmental Activities: | | | | |
| Capital Assets not being Depreciated: | | | | |
| Land | \$40,736 | \$0 | \$0 | \$40,736 |
| Total Capital Assets not Being Depreciated | \$40,736 | \$0 | \$0 | \$40,736 |
| Capital Assets Being Depreciated: | | | | |
| Buildings and Improvements | \$3,833,466 | \$11,191 | \$0 | \$3,844,657 |
| Improvements Other Than Buildings | 22,374 | 0 | 0 | 22,374 |
| Equipment | 150,759 | 48,498 | 13,465 | 185,792 |
| Vehicles | 318,840 | 15,923 | 18,640 | 316,123 |
| Total Capital Assets Being Depreciated | \$4,325,439 | \$75,612 | \$32,105 | \$4,368,946 |
| Less Accumulated Depreciation for: | | | | |
| Buildings and Improvements | (\$564,688) | (\$78,491) | \$0 | (\$643,179) |
| Improvements Other Than Buildings | (1,988) | (497) | 0 | (2,485) |
| Equipment | (75,491) | (22,686) | (13,465) | (84,712) |
| Vehicles | (180,899) | (46,211) | (16,776) | (210,334) |
| Total Accumulated Depreciation | (\$823,066) | (\$147,885) | (\$30,241) | (\$940,710) |
| Total Capital Assets Being Depreciated, Net | \$3,502,373 | \$(72,273) | \$1,864 | \$3,428,236 |
| Governmental Activities Capital Assets, Net | \$3,543,109 | \$(72,273) | \$1,864 | \$3,468,972 |
| | | | | |
| | Balances at July 1, 2006 | Increases | Decreases | Balances at June 30, 2007 |
| Governmental Activities: | | | | |
| Capital Assets not being Depreciated: | | | | |
| Land | \$40,736 | \$0 | \$0 | \$40,736 |
| Total Capital Assets not Being Depreciated | \$40,736 | \$0 | \$0 | \$40,736 |
| Capital Assets Being Depreciated: | | | | |
| Buildings and Improvements | \$3,844,657 | \$2,317 | \$0 | \$3,846,974 |
| Leasehold Improvements | 22,374 | 0 | 0 | 22,374 |
| Equipment | 185,792 | 0 | 0 | 185,792 |
| Vehicles | 316,123 | 31,619 | 0 | 347,742 |
| Total Capital Assets Being Depreciated | \$4,368,946 | \$33,936 | \$0 | \$4,402,882 |
| Less Accumulated Depreciation for: | | | | |
| Buildings and Improvements | (\$643,179) | (\$78,492) | \$0 | (\$721,671) |
| Leasehold Improvements | (2,485) | (497) | 0 | (2,982) |
| Equipment | (84,712) | (22,686) | 0 | (107,398) |
| Vehicles | (210,334) | (33,997) | 0 | (244,331) |
| Total Accumulated Depreciation | (\$940,710) | (\$135,672) | \$0 | (\$1,076,382) |
| Total Capital Assets Being Depreciated, Net | \$3,428,236 | \$(101,736) | \$0 | \$3,326,500 |
| Governmental Activities Capital Assets, Net | \$3,468,972 | \$(101,736) | \$0 | \$3,367,236 |

Depreciation is charged to general support. In fiscal year 2006, depreciation was \$147,885, and in fiscal year 2007 depreciation was \$135,672.

NOTE 6. OPERATING LEASES

The District leases buildings and office equipment under operating leases. The leases contain various renewal options and some have purchase options. Operating lease payments are recorded as expenditures when paid or incurred. The District's total operating lease expenditures for fiscal years 2006 and 2007 were \$23,859 and \$16,406, respectively.

Future minimum lease commitments for non-cancelable operating leases as of June 30, 2007 are:

| <u>Fiscal Year</u> | |
|--------------------|-----------------------|
| 2008 | <u>\$9,868</u> |
| Total | <u><u>\$9,868</u></u> |

The District had no capital leases in fiscal year 2006 or 2007.

NOTE 7. PENDING LITIGATION

At the time audit fieldwork began, the District has been named as the defendant in a complaint filed with the Idaho Human Rights Commission. The complaint was filed by a former employee, charging employment discrimination under the Age Discrimination in Employment Act and the Americans with Disabilities Act. On May 6, 2008, the case was closed, and there was no finding. Subsequently, the District has been named as the defendant in a lawsuit filed with the U.S. District Court. The complaint was filed by the same former employee, charging employment discrimination, under the same acts. The suit requests to recover damages covering attorney fees, lost salary, and personal damages for duress.

NOTE 8. SUBSEQUENT EVENTS

On September 7, 2007, the District purchased a 9,424 square foot office building in Blackfoot, Idaho, located at 53 Poplar Street. The District plans to relocate health district services after the building is vacated by the current tenant, on or before March 2009. The purchase price of the building was \$1,527,897, paid for from reserve District Funds. Monthly rent currently paid by the tenant is \$11,199.

On October 25, 2007, the District Board of Health approved closure of the Home Health and Hospice Division by December 2007. This impacted 22 employees (17 FTEs) who were let go during November and December. The original Home Health and Hospice Division budget for fiscal year 2008 was \$1,556,996.

REQUIRED SUPPLEMENTARY INFORMATION

STATE OF IDAHO
SOUTHEASTERN DISTRICT HEALTH DEPARTMENT (VI)
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2006

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget Positive (Negative) |
|-------------|--------------------|--------------------|--------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| State | \$1,301,900 | \$1,314,100 | \$1,314,100 | \$0 |
| County | 924,550 | 924,550 | 922,262 | (2,288) |
| Contracts | 2,677,320 | 3,084,228 | 3,104,542 | 20,314 |
| Fees | 646,364 | 646,364 | 755,580 | 109,216 |
| Interest | 83,526 | 83,526 | 148,762 | 65,236 |
| Home Health | 1,858,292 | 1,796,047 | 1,865,899 | 69,852 |
| Reserve | 99,135 | 1,853,680 | 0 | (1,853,680) |
| | <u>\$7,591,087</u> | <u>\$9,702,495</u> | <u>\$8,111,145</u> | <u>(\$1,591,350)</u> |

Reconciliation to GAAP Basis Revenues:

| | |
|----------------------------------|--------------------|
| Change in Interagency Receivable | 21,863 |
| Change in Accounts Receivable | (19,837) |
| Change in Deferred Revenue | (88,764) |
| Total GAAP Revenues | <u>\$8,024,407</u> |

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget Positive (Negative) |
|--------------------|--------------------|--------------------|--------------------|---|
| | Original | Final | | |
| EXPENDITURES | | | | |
| Personnel Costs | \$6,045,074 | \$6,291,197 | \$5,943,128 | \$348,069 |
| Operating | 1,504,963 | 1,784,751 | 2,102,424 | (317,673) |
| Capital Outlay | 41,050 | 1,626,547 | 75,612 | 1,550,935 |
| Total Expenditures | <u>\$7,591,087</u> | <u>\$9,702,495</u> | <u>\$8,121,164</u> | <u>\$1,581,331</u> |

Reconciliation to GAAP Basis Expenditures:

| | |
|----------------------------|--------------------|
| Change in Accounts Payable | 37,757 |
| Change in Payroll Payable | (159,967) |
| Change in Prepaid Expense | (3,008) |
| Total GAAP Expenditures | <u>\$7,995,946</u> |

The accompanying note is an integral part of these financial schedules.

STATE OF IDAHO
SOUTHEASTERN DISTRICT HEALTH DEPARTMENT (VI)
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET TO ACTUAL
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2007

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget Positive (Negative) |
|-------------|--------------------|--------------------|--------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| State | \$1,272,100 | \$1,275,200 | \$1,275,200 | \$0 |
| County | 952,287 | 952,287 | 945,357 | (6,930) |
| Contracts | 3,084,497 | 3,203,156 | 3,088,482 | (114,674) |
| Fees | 792,283 | 792,828 | 835,014 | 42,186 |
| Interest | 115,589 | 115,589 | 205,267 | 89,678 |
| Home Health | 1,950,387 | 1,630,443 | 1,486,706 | (143,737) |
| Reserve | 1,721,298 | 1,719,495 | 0 | (1,719,495) |
| | <u>\$9,888,441</u> | <u>\$9,688,998</u> | <u>\$7,836,026</u> | <u>(\$1,852,972)</u> |

Reconciliation to GAAP Basis Revenues:

| | |
|----------------------------------|--------------------|
| Change in Interagency Receivable | \$30,389 |
| Change in Accounts Receivable | (52,932) |
| Change in Deferred Revenue | 29,909 |
| Total GAAP Revenues | <u>\$7,843,392</u> |

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget Positive (Negative) |
|--------------------|--------------------|--------------------|--------------------|---|
| | Original | Final | | |
| EXPENDITURES | | | | |
| Personnel Costs | \$6,196,167 | \$6,027,029 | \$5,818,073 | \$208,956 |
| Operating | 2,119,624 | 2,048,611 | 2,082,267 | (33,656) |
| Capital Outlay | 1,572,650 | 1,613,358 | 33,936 | 1,579,422 |
| Total Expenditures | <u>\$9,888,441</u> | <u>\$9,688,998</u> | <u>\$7,934,276</u> | <u>\$1,754,722</u> |

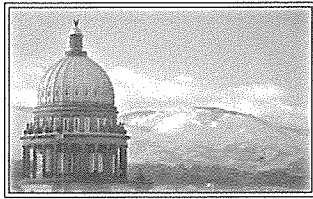
Reconciliation to GAAP Basis Expenditures:

| | |
|----------------------------|--------------------|
| Change in Accounts Payable | (\$49,281) |
| Change in Payroll Payable | 3,431 |
| Change in Prepaid Expense | 15,404 |
| Total GAAP Expenditures | <u>\$7,903,830</u> |

The accompanying note is an integral part of these financial schedules.

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

The chairmen of the boards of county commissioners located within the District serve as the Budget Committee for the District. The District Board of Health submits the budget to the Budget Committee. The budget is prepared on a cash basis. The budget for the District is approved by a majority of the Budget Committee, and any adjustments to the budget are approved by the District Board of Health.



Legislative Services Office Idaho State Legislature

Serving Idaho's Citizen Legislature

Jeff Youtz
Director

December 18, 2008

Independent Auditor's Report on Internal Control
over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial
Statements Performed in Accordance
with Government Auditing Standards

Edward Marugg, Director
Southeastern District Health Department (VI)
1901 Alvin Richen Drive
Pocatello, ID 83201

Carolyn Meline, Chair
District VI Board of Health
655 South 10th
Pocatello, ID 83201

Dear Mr. Marugg and Ms. Meline:

We have audited the financial statements of the governmental activities, major fund, and the remaining fund information of the Southeastern District Health Department (VI) as of and for the years ended June 30, 2006 and 2007, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 18, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

Mike Nugent, Manager
Research & Legislation

Cathy Holland-Smith, Manager
Budget & Policy Analysis

Don H. Berg, Manager
Legislative Audits

Glenn Harris, Manager
Information Technology

Statehouse, P.O. Box 83720
Boise, Idaho 83720-0054

Tel: 208-334-2475
www.legislature.idaho.gov

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above.

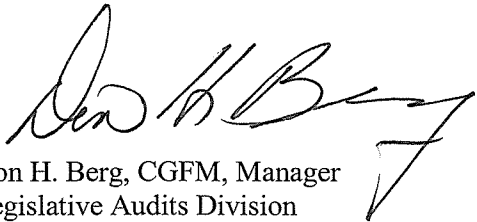
Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

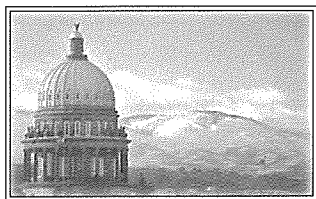
We noted certain other matters that we have reported to the management of the District in a separate letter.

This report is intended solely for the information and use of the State of Idaho, the Southeastern District Health Department, and the District's Board, and is not intended to be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink, appearing to read "Don H. Berg", with a stylized flourish at the end.

Don H. Berg, CGFM, Manager
Legislative Audits Division



Legislative Services Office Idaho State Legislature

Serving Idaho's Citizen Legislature

Jeff Youtz
Director

December 18, 2008

Independent Auditor's Report on Compliance with
Requirements Applicable to Each Major Program
and on Internal Control Over Compliance in
Accordance with OMB Circular A-133

Edward Marugg, Director
Southeastern District Health Department (VI)
1901 Alvin Richen Drive
Pocatello, ID 83201

Carolyn Meline, Chair
District VI Board of Health
655 South 10th
Pocatello, ID 83201

Dear Mr. Marugg and Ms. Meline:

Compliance

We have audited the compliance of the Southeastern District Health Department (VI) with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the years ended June 30, 2006 and 2007. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements, and performing such other procedures that we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2006 and 2007.

Mike Nugent, Manager
Research & Legislation

Cathy Holland-Smith, Manager
Budget & Policy Analysis

Don H. Berg, Manager
Legislative Audits

Glenn Harris, Manager
Information Technology

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct, material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

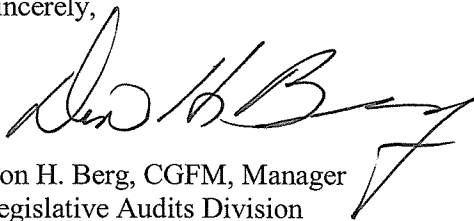
A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that non-compliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material non-compliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section, and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as described above. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

This report is intended solely for the information and use of the State of Idaho, the Southeastern District Health Department, the District's Board, and federal awarding agencies, and is not intended to be used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink, appearing to read "Don H. Berg", with a stylized flourish extending from the end.

Don H. Berg, CGFM, Manager
Legislative Audits Division

State of Idaho
Southeastern District Health Department (VI)
Schedule of Expenditures of Federal Awards
For the Fiscal Years Ended June 30, 2006 and June 30, 2007

| Federal Grantor/ Program Title | Federal CFDA Number | Contract Number | Contract Period | Contract Amount | Federal Expenditures FY 2006 | Federal Expenditures FY 2007 | Total Federal Expenditures |
|---|---------------------------|--------------------|--------------------|--------------------|------------------------------------|------------------------------------|----------------------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | | | | | |
| Pass through State Department of Health and Welfare | | | | | | | |
| Women, Infant, Children Administration | 10.557 | HC475900 | 10/1/04-9/30/05 | \$847,670 | \$218,682 | \$0 | \$218,682 |
| Women, Infant, Children Administration | 10.557 | HC475900 | 10/1/05-9/30/06 | 877,473 | 699,955 | 177,518 | 877,473 |
| Women, Infant, Children Administration | 10.557 | HC557800 | 10/1/06-9/30/07 | 842,616 | 0 | 704,228 | 704,228 |
| Women, Infant, Children Food Vouchers Redeemed | 10.557 | None | None | None | 2,965,879 | 2,951,674 | 5,917,553 |
| Total CFDA 10.557 | | | | | \$3,884,516 | \$3,833,420 | \$7,717,936 |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | | | \$3,884,516 | \$3,833,420 | \$7,717,936 |
| US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | | | | | |
| Housing Opportunities for Persons with Aids | 14.241 | IDH03006 | 7/1/05-6/30/06 | 17,347 | \$17,078 | \$0 | \$17,078 |
| Housing Opportunities for Persons with Aids | 14.241 | IDH03006 | 7/1/06-6/30/07 | 11,931 | 0 | 11,906 | 11,906 |
| Total CFDA #14.241 | | | | | \$17,078 | \$11,906 | \$28,984 |
| TOTAL US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | | | \$17,078 | \$11,906 | \$28,984 |
| U. S. DEPARTMENT OF TRANSPORTATION | | | | | | | |
| Office of Traffic and Highway Safety | 20.205 | V069770 | 12/1/06-9/30/07 | 12,800 | \$0 | \$5,862 | \$5,862 |
| Total CFDA #20.205 | | | | | \$0 | \$5,862 | \$5,862 |
| Office of Highway Safety | 20.600 | MOA | 1/1/05-9/30/05 | 16,600 | \$13,803 | \$0 | \$13,803 |
| Office of Highway Safety Seat Belt Surveys | 20.600 | MOA | 4/1/05-7/31/05 | 1,100 | 547 | 0 | 547 |
| Office of Highway Safety Seat Belt Surveys | 20.600 | MOA | 6/4/07-7/8/07 | 900 | 0 | 666 | 666 |
| Total CFDA #20.600 | | | | | \$14,350 | \$666 | \$15,016 |
| TOTAL U.S. DEPARTMENT OF TRANSPORTATION | | | | | \$14,350 | \$6,528 | \$20,878 |
| FEDERAL COMMUNICATIONS COMMISSION | | | | | | | |
| Rural Health Care | 32.999 | FY 2006 | 7/1/05-6/30/06 | 17,215 | \$17,215 | \$0 | \$17,215 |
| Rural Health Care | 32.999 | FY 2007 | 7/1/06-6/30/07 | 13,461 | \$0 | \$13,461 | \$13,461 |
| Total CFDA #32.999 | | | | | \$17,215 | \$13,461 | \$30,676 |
| TOTAL FEDERAL COMMUNICATIONS COMMISSION | | | | | \$17,215 | \$13,461 | \$30,676 |
| US ENVIRONMENTAL PROTECTION AGENCY | | | | | | | |
| Pass through State Department of Health and Welfare | | | | | | | |
| Radon Education | 66.032 | HC504200 | 7/1/05-6/30/06 | 3,000 | \$3,000 | \$0 | \$3,000 |
| Total CFDA #66.032 | | | | | \$3,000 | \$0 | \$3,000 |
| Public Drinking Water | 66.432 | S164 | 7/1/05-6/30/07 | 132,808 | \$65,840 | \$66,404 | \$132,244 |
| Total CFDA #66.432 | | | | | 65,840 | 66,404 | 132,244 |
| TOTAL US ENVIRONMENTAL PROTECTION AGENCY | | | | | \$68,840 | \$66,404 | \$135,244 |
| CONSUMER PRODUCT SAFETY COMMISSION | | | | | | | |
| Consumer Product Safety Commission Product Recall | 87.999 | 06-W-06-0042 | 7/3/06-9/30/06 | 1,300 | \$0 | \$1,300 | \$1,300 |
| Consumer Product Safety Commission Product Recall | 87.999 | 07-W-07-0013 | 3/12/07-8/31/07 | 975 | 0 | 975 | 975 |
| Total CFDA #87.999 | | | | | \$0 | \$2,275 | \$2,275 |
| TOTAL CONSUMER PRODUCT SAFETY COMMISSION | | | | | \$0 | \$2,275 | \$2,275 |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | | | |
| Pass through the State Department of Health and Welfare | | | | | | | |
| Health Resource Services Administration | 93.003 | HC470700 | 9/1/04-8/31/05 | 74,170 | \$12,887 | \$0 | \$12,887 |
| Health Resource Services Administration | 93.003 | HC520600 | 9/1/05-8/31/06 | 87,162 | 62,251 | 13,786 | 76,037 |
| Health Resource Services Administration | 93.003 | HC556400 | 9/1/06-8/31/07 | 82,177 | 0 | 54,965 | 54,965 |
| Total CFDA 93.003 | | | | | \$75,138 | \$68,751 | \$143,889 |
| Medical Research Council Grant | 93.008 | MRC07419 | 5/2/07-3/31/08 | 10,000 | \$0 | \$50 | \$50 |
| Total CFDA 93.008 | | | | | \$0 | \$50 | \$50 |
| Tuberculosis- Direct Observed Therapy | 93.116 | HC494400 | 1/1/05-12/31/05 | 8,300 | \$4,456 | \$0 | \$4,456 |
| Tuberculosis- Direct Observed Therapy | 93.116 | HC535400 | 1/1/06-12/31/06 | 19,200 | 3,500 | 14,620 | 18,120 |
| Tuberculosis- Direct Observed Therapy | 93.116 | HC567800 | 1/1/07-12/31/07 | 9,200 | 0 | 4,050 | 4,050 |
| Total CFDA 93.116 | | | | | \$7,956 | \$18,670 | \$26,626 |
| Family Planning- Title X | 93.217 | HC409700 | 9/1/03-6/30/06 | 214,930 | \$79,120 | \$0 | \$79,120 |
| Family Planning- Title X | 93.217 | HC562100 | 7/1/06-6/30/07 | 81,100 | 0 | 81,100 | 81,100 |
| Total CFDA 93.217 | | | | | \$79,120 | \$81,100 | \$160,220 |

The accompanying notes are an integral part of the schedule.

State of Idaho
Southeastern District Health Department (VI)
Schedule of Expenditures of Federal Awards
For the Fiscal Years Ended June 30, 2006 and June 30, 2007

| Federal Grantor/ Program Title | Federal CFDA Number | Contract Number | Contract Period | Contract Amount | Federal Expenditures FY 2006 | Federal Expenditures FY 2007 | Total Federal Expenditures |
|--|---------------------------|--------------------|--------------------|--------------------|------------------------------------|------------------------------------|----------------------------------|
| Adolescent Pregnancy Prevention | 93.235 | HC523800 | 10/1/05-8/31/06 | \$35,500 | \$31,950 | \$3,550 | \$35,500 |
| Adolescent Pregnancy Prevention | 93.235 | HC522000 | 9/1/06-6/30/07 | 35,000 | 0 | 34,125 | 34,125 |
| Total CFDA 93.235 | | | | | \$31,950 | \$37,675 | \$69,625 |
| Immunization Services | 93.268 | HC493500 | 1/1/05-12/31/05 | 92,162 | \$51,080 | \$0 | \$51,080 |
| Immunization Services | 93.268 | HC532900 | 1/1/06-12/31/06 | 86,789 | 43,395 | 43,394 | 86,789 |
| Immunization Services | 93.268 | HC566400 | 1/1/07-12/31/07 | 79,567 | 0 | 37,283 | 37,283 |
| State Purchased Vaccine | 93.268 | | 7/1/05-6/30/07 | | 290,378 | 297,493 | 587,871 |
| Total CFDA 93.268 | | | | | \$384,853 | \$378,170 | \$763,023 |
| Asthma | 93.283 | HC463400 | 9/1/04-8/31/05 | 11,500 | \$1,342 | \$0 | \$1,342 |
| Asthma | 93.283 | HC508400 | 9/1/06-8/31/07 | 12,226 | 10,840 | 1,386 | 12,226 |
| Asthma | 93.283 | HC551500 | 9/1/06-8/31/07 | 14,000 | 0 | 12,600 | 12,600 |
| Arthritis | 93.283 | HC501400 | 7/1/05-6/30/06 | 11,000 | 11,000 | 0 | 11,000 |
| Arthritis | 93.283 | HC544700 | 7/25/06-6/30/07 | 13,575 | 0 | 13,575 | 13,575 |
| Comprehensive Cancer Control | 93.283 | HC559100 | 10/30/06-6/30/07 | 12,434 | 0 | 12,434 | 12,434 |
| Bioterrorism-Epidemiology | 93.283 | HC471900 | 8/31/04-8/30/05 | 92,857 | 13,778 | 0 | 13,778 |
| Bioterrorism-Epidemiology | 93.283 | HC523000 | 8/31/05-8/30/06 | 158,409 | 116,113 | 39,437 | 155,550 |
| Bioterrorism-Epidemiology | 93.283 | HC561300 | 8/31/06-8/30/07 | 163,085 | 0 | 130,490 | 130,490 |
| Bioterrorism | 93.283 | HC470100 | 9/1/04-8/31/05 | 456,452 | 130,186 | 0 | 130,186 |
| Bioterrorism | 93.283 | HC519900 | 8/31/05-8/31/06 | 393,745 | 321,210 | 72,535 | 393,745 |
| Public Health Preparedness | 93.283 | HC557000 | 8/31/06-8/30/07 | 367,919 | 0 | 303,388 | 303,388 |
| Pandemic Influenza | 93.283 | HC540000 | 5/30/06-8/30/07 | 200,076 | 5,445 | 142,055 | 147,500 |
| Tobacco Prevention | 93.283 | HC504800 | 7/1/05-6/30/06 | 43,715 | 43,715 | 0 | 43,715 |
| Tobacco Prevention | 93.283 | HC542800 | 7/1/06-6/30/08 | 87,430 | 0 | 43,715 | 43,715 |
| Women's Health Check | 93.283 | HC499400 | 6/30/05-6/29/06 | 53,010 | 53,010 | 0 | 53,010 |
| Women's Health Check | 93.283 | HC538900 | 6/30/06-6/29/07 | 65,807 | 0 | 65,807 | 65,807 |
| West Nile Virus | 93.283 | HC502000 | 6/1/05-9/30/05 | 4,000 | 3,514 | 0 | 3,514 |
| Total CFDA 93.283 | | | | | \$710,153 | \$837,422 | \$1,547,575 |
| FDA Food Safety | 93.448 | HC407000 | 7/1/03-6/30/06 | 14,487 | \$4,042 | \$0 | \$4,042 |
| Total CFDA 93.448 | | | | | \$4,042 | \$0 | \$4,042 |
| Immunization Reminder | 93.558 | HC500500 | 7/1/05-6/30/07 | 126,602 | \$48,784 | \$63,301 | \$112,085 |
| Governors Grant-Community Collaboration | 93.558 | KC196400 | 9/1/04-8/31/05 | 1,974 | 1,900 | 0 | 1,900 |
| Governors Grant-Community Collaboration | 93.558 | KC197600 | 9/1/04-8/31/05 | 4,990 | 4,470 | 0 | 4,470 |
| Governors Grant-Community Collaboration | 93.558 | CCC507 | 9/1/05-8/31/06 | 4,800 | 598 | 4,121 | 4,719 |
| Governors Grant-Community Collaboration | 93.558 | CCC609 | 9/1/06-6/15/07 | 4,050 | 0 | 4,050 | 4,050 |
| Health and Safety | 93.558 | 6C057600 | 10/1/04-9/30/08 | 300,010 | 59,637 | 42,262 | 101,899 |
| Total CFDA 93.558 | | | | | \$115,389 | \$113,734 | \$229,123 |
| Day Care Site Visits | 93.575 | WC038900 | 7/1/02-6/30/06 | 521,809 | \$97,457 | \$0 | \$97,457 |
| Child care Site Visits | 93.575 | WC056300 | 7/1/06-6/30/07 | 130,000 | 0 | 84,108 | 84,108 |
| Total CFDA 93.575 | | | | | \$97,457 | \$84,108 | \$181,565 |
| Child Find Contract | 93.778 | 6C056100 | 10/1/03-7/31/06 | 54,450 | \$19,800 | \$1,650 | \$21,450 |
| Child Find Contract | 93.778 | 6C065000 | 8/15/06-8/14/07 | 19,800 | 0 | 14,850 | 14,850 |
| Total CFDA 93.778 | | | | | \$19,800 | \$16,500 | \$36,300 |
| Health Resource Services Administration Allotment III | 93.889 | HC470700 | 9/1/04-8/31/05 | 316,602 | \$316,602 | \$0 | \$316,602 |
| Health Resource Services Administration Allotment IV | 93.889 | HC520600 | 9/1/05-8/31/06 | 255,724 | 0 | 255,546 | 255,546 |
| Health Resource Services Administration Allotment V | 93.889 | HC556400 | 9/1/06-8/31/07 | 138,383 | 0 | 0 | 0 |
| Total CFDA 93.889 | | | | | \$316,602 | \$255,546 | \$572,148 |
| HIV Care | 93.917 | HC450000 | 4/1/04-3/31/08 | 76,563 | \$11,590 | \$14,214 | \$25,804 |
| Total CFDA 93.917 | | | | | \$11,590 | \$14,214 | \$25,804 |
| Idaho State University/ HIV | 93.918 | MOU | 7/1/05-6/30/06 | 5,806 | \$5,806 | \$0 | \$5,806 |
| Idaho State University/ HIV | 93.918 | MOU | 7/1/06-6/30/07 | 5,806 | 0 | 5,806 | 5,806 |
| Total CFDA 93.918 | | | | | \$5,806 | \$5,806 | \$11,612 |
| HIV Prevention (Sexually Transmitted Disease contract) | 93.940 | HC491100 | 1/1/05-12/31/07 | 96,638 | \$19,304 | \$26,770 | \$46,074 |
| HIV Prevention | 93.940 | HC533600 | 1/1/06-12/31/07 | 59,724 | 9,769 | 30,168 | 39,937 |
| Total CFDA 93.940 | | | | | \$29,073 | \$56,938 | \$86,011 |

The accompanying notes are an integral part of the schedule.

State of Idaho
Southeastern District Health Department (VI)
Schedule of Expenditures of Federal Awards
For the Fiscal Years Ended June 30, 2006 and June 30, 2007

| Federal Grantor/ Program Title | Federal CFDA Number | Contract Number | Contract Period | Contract Amount | Federal Expenditures FY 2006 | Federal Expenditures FY 2007 | Total Federal Expenditures |
|--|---------------------------|--------------------|--------------------|--------------------|------------------------------------|------------------------------------|----------------------------------|
| HIV Surveillance | 93.944 | HC492800 | 1/1/05-12/31/05 | \$3,400 | \$1,700 | \$0 | \$1,700 |
| HIV Surveillance | 93.944 | HC534700 | 1/1/06-12/31/06 | 3,400 | 1,700 | 1,700 | 3,400 |
| HIV Surveillance | 93.944 | HC567100 | 1/1/07-12/31/07 | 3,500 | 0 | 298 | 298 |
| Total CFDA 93.944 | | | | | \$3,400 | \$1,998 | \$5,398 |
| Sexually Transmitted Disease | 93.977 | HC491100 | 1/1/05-12/31/07 | 69,980 | \$14,057 | \$22,103 | \$36,160 |
| Total CFDA 93.977 | | | | | \$14,057 | \$22,103 | \$36,160 |
| Diabetes | 93.988 | HC570100 | 4/1/05-3/29/06 | 15,500 | \$11,908 | \$0 | \$11,908 |
| Diabetes | 93.988 | HC536400 | 4/1/06-3/29/07 | 17,500 | 4,147 | 13,353 | 17,500 |
| Diabetes | 93.988 | HC570100 | 4/1/07-3/29/08 | 17,500 | 0 | 4,374 | 4,374 |
| Total CFDA 93.988 | | | | | \$16,055 | \$17,727 | \$33,782 |
| Injury | 93.991 | HC487900 | 10/1/04-9/30/05 | 36,617 | \$5,333 | \$0 | \$5,333 |
| Injury | 93.991 | HC522500 | 10/1/05-9/30/06 | 44,263 | 43,142 | 1,121 | 44,263 |
| Fit and Fall Proof | 93.991 | HC563600 | 11/1/06-9/30/07 | 36,000 | 0 | 32,400 | 32,400 |
| Total CFDA 93.991 | | | | | \$48,475 | \$33,521 | \$81,996 |
| CSHP | 93.994 | N/A | N/A | N/A | \$723 | \$638 | \$1,361 |
| Epidemiology Enhancement | 93.994 | HC477400 | 10/1/04-9/30/05 | 25,634 | 3,802 | 0 | 3,802 |
| Epidemiology Enhancement | 93.994 | HC525400 | 10/1/05-9/30/06 | 26,178 | 26,178 | 0 | 26,178 |
| Epidemiology Enhancement | 93.994 | HC563000 | 10/1/06-9/30/07 | 25,474 | 0 | 25,474 | 25,474 |
| Family Planning- Title V | 93.994 | HC410500 | 10/1/03-9/30/07 | 336,000 | 84,000 | 84,000 | 168,000 |
| Oral Health | 93.994 | HC478600 | 10/1/04-9/30/05 | 29,789 | 1,632 | 0 | 1,632 |
| Oral Health | 93.994 | HC262000 | 10/1/05-9/30/06 | 30,786 | 26,481 | 4,305 | 30,786 |
| Oral Health | 93.994 | HC560700 | 10/1/06-9/30/07 | 33,969 | 0 | 28,564 | 28,564 |
| Baby Mass Index Training | 93.994 | HC490300 | 1/1/05-12/31/05 | 13,750 | 10,087 | 0 | 10,087 |
| Total CFDA 93.994 | | | | | \$152,903 | \$142,981 | \$295,884 |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | | | \$2,123,819 | \$2,187,014 | \$4,310,833 |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | | | \$6,125,818 | \$6,121,008 | \$12,246,826 |

The accompanying notes are an integral part of the schedule.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the District and is presented on the cash basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*.

The CFDA refers to the *Catalog of Federal Domestic Assistance*, which is a government-wide list of individual federal programs. Federal award programs for which we could not determine a number are identified with the first two digits that identify the federal grantor department, followed by ".999."

NOTE 2. WIC FOOD VOUCHERS

The District determines eligibility for the Women, Infants and Children (WIC) program. Within the WIC program, the District distributes food checks to clients and controls unissued food checks. The Idaho Department of Health and Welfare issues and redeems food checks, controls the food checks issued, and reviews program compliance. The value of the food checks redeemed through the Idaho Department of Health and Welfare during fiscal years 2006 and 2007 was \$2,965,879 and \$2,951,674, respectively.

NOTE 3. VALUE OF VACCINE SERUM

The District provides vaccines free of charge to children 18 years of age or younger. The District determines whether the vaccine recipient is eligible to receive the vaccine under the Federal Immunization Grant. The vaccine serums are ordered by the Idaho Department of Health and Welfare, and delivered to the District as needed. The vaccine serum value supplied by the State Health and Welfare Department was \$290,378 in fiscal year 2006 and \$297,493 in fiscal year 2007.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SECTION I. SUMMARY OF AUDITOR'S RESULTS

Basic Financial Statements

1. The independent auditor's report on the basic financial statements expressed an unqualified opinion.
2. The audit of the basic financial statements disclosed no significant deficiencies that were considered a material weakness.
3. The audit did not disclose any instances of noncompliance considered material to the basic financial statements.

Federal Awards

4. The audit disclosed no significant deficiencies or weaknesses in internal control over major programs.
5. The independent auditor's report on compliance for major programs expressed an unqualified opinion for all major programs.
6. The audit did not disclose any findings that must be reported in accordance with criteria in Section 510a of *OMB Circular A-133*.
7. Major programs are listed below:

| <u>Program Title</u> | <u>CFDA Number</u> |
|-------------------------------|--------------------|
| WIC | 10.557 |
| Immunization Grants | 93.268 |
| Public Health Preparedness | 93.283 |
| Hospital Preparedness Program | 93.889 |

8. The dollar threshold used to distinguish between Type A and Type B programs was \$367,405.
9. Southeastern District Health Department (VI) did qualify as a low-risk auditee as defined by *OMB Circular A-133*.

SECTION II. FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS

NONE

SECTION III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

AGENCY RESPONSE



December 15, 2008

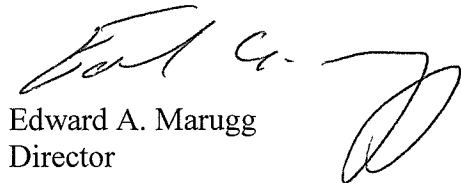
Mr. Don H. Berg
Legislative Audits Division
Statehouse
PO Box 83720
Boise, Idaho 83720-0054

Dear Mr. Berg:

I have received and reviewed the audit report for the Southeastern District Health Department for FY 06 and 07. I am in agreement with the report as it stands. The report indicates there are no findings or recommendations, and as such, no corrective action is required on the District's part. I am aware, however, that an on-going review of our processes and procedures is essential, to ensure the continuation of good audit results in the future. The Health District operates in a changing environment, as issues we face daily become increasingly complex. This requires vigilance on the District's part to review its internal controls on a regular basis; ensuring they are changed and/or strengthened as appropriate. I am committed to this process.

I have also received the management letter where you identified areas where the District can make improvements. I will address these areas and make the appropriate changes. I thank you and your staff for the work done. I appreciate the time and effort staff has taken to provide me with this valuable feedback.

Respectfully,



Edward A. Marugg
Director

APPENDIX

HISTORY

The following is a chronological history of the basic health care services that the State has provided to the public.

- 1907 – The State Board of Health and counties that had local boards of health were statutorily authorized joint responsibility for public health.
- 1947 – A public health district law was enacted that permitted two or more counties to establish a public health district. Participation in the forming of the health districts was voluntary.
- 1970 – The legislature established a law that created seven mandatory public health districts. In the Southeastern District Health Department (VI), the counties designated were Bannock, Bear Lake, Bingham, Butte, Caribou, Franklin, Oneida, and Power. The director of the State Department of Health and Welfare was designated fiscal officer for the various districts.
- 1976 – Legislative intent was expressed that the health districts are not State agencies, and that they be recognized as authorized governmental entities.
- 1986 – Idaho Code was amended to allow district health departments to promulgate rules and regulations without the State Board of Health's approval.
- 1993 – The legislature clarified the need for health districts to use the Idaho Administrative Procedures Act for fees and rules.

PURPOSE

The purpose of the District is to prevent disease, disability, and premature death, and to protect and promote the health and quality of our environment.

STATUTORY AUTHORITY

The statutory authority for the District is found in Idaho Code, Title 39, Chapter 4.

ORGANIZATION

The District is supervised by an eight-member board appointed by the county commissioners of the counties served, plus one physician member of the board as allowed by Idaho Code, Section 39-411. Board members serve staggered five-year terms, and are reimbursed \$50 per working day plus all necessary travel expenses. The board appoints a director to administer and manage day-to-day activities of the District. Physicians provide medical consulting services to the District.

The District is organized into five major sections:

1. Administration – Provides support to the District's other sections (budget, accounting, and government services).
2. Family and Community Health – Provides services such as immunizations, family planning, sexually transmitted disease/HIV prevention and control, tuberculosis control services, nutrition, school health, breast and cervical cancer screening, infant and toddler developmental screening, prenatal education, and HIV case management services.
3. Environmental Health – Provides licensing, inspection, investigation, and monitoring services at food establishments, day care centers, public swimming pools, water systems, sewage systems, and solid waste sites. This section also investigates disease occurrences and public health nuisances.
4. Home Health – Provides in-home skilled nursing, therapy and aide services to patients who require intermittent care to stay comfortable and safe at home. This division also provides in-home hospice services to the terminally ill.

5. Health Promotion – Provides community health promotion services including risk reduction and education related to smoking cessation, tobacco prevention, epidemiology, diabetes, abstinence, dental health, asthma, public health preparedness, and injury prevention. This section also supports the other sections' health promotion needs and general public awareness of public health issues.

The District has a central office in Pocatello and seven satellite offices in American Falls, Arco, Blackfoot, Malad, Montpelier, Preston, and Soda Springs. An organizational chart is included with this report.

STAFFING

At the end of fiscal year 2007, the District had 129 employees. Of these, 28 worked in Administration, 51 in Family and Community Health, 10 in Environmental Health, 22 in Home Health, and 18 in Health Promotion.

FUNDING

Financing for the District comes from State General Fund appropriations; county contributions; contracts from federal, State, and private vendors; fees for providing client services; receipts received from the sale of septic system permits; fees for mortgage survey services; fees from subdivision plan reviews; and the sale of supplies. Also, some revenue is generated from donations and contributions. The amount included in the District's General Fund appropriation request is determined by Idaho Code, Section 39-425. The Idaho State Legislature sets the District's General Fund appropriation, which can be more or less than the amount requested.

The District also receives funds from contracts with the Idaho Department of Health and Welfare, cities, and other governmental agencies. Funds also come from clients who receive public health services, and from others for environmental inspections and licenses.